

# HOUSE BILL REPORT

## SSB 5435

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**As Reported By House Committee On:**  
Health Care

**Title:** An act relating to preexisting condition limitations in medicare supplement policies or certificates.

**Brief Description:** Restricting limitations in certain medicare policies.

**Sponsors:** Senate Committee on Financial Institutions & Housing (originally sponsored by Senators Prentice, Hale, Fraser, Franklin, C. Anderson and Kohl; by request of Insurance Commissioner).

**Brief History:**

**Committee Activity:**

Health Care: 3/31/95 [DP].

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** Do pass. Signed by 12 members: Representatives Dyer, Chairman; Backlund, Vice Chairman; Hymes, Vice Chairman; Cody, Assistant Ranking Minority Member; Campbell; Casada; Conway; Crouse; Kessler; Morris; Sherstad and Skinner.

**Staff:** Charlie Gavigan (786-7340).

**Background:** Medicare coverage is available to persons over the age of 65, persons suffering from end-stage renal disease, or persons who have disabilities. In many cases, insureds covered by Medicare choose to have additional insurance to pay for health care not covered by Medicare. Such additional coverage, called Medicare supplemental insurance coverage, is designed as a program which supplements reimbursements under the Medicare program.

Current law defines a preexisting condition under Medicare supplemental insurance as one where a person sought medical advice or treatment within the last six months. A person with a preexisting condition under Medicare supplemental programs must wait a maximum of six months for such coverage to take effect.

Medicare supplemental insurance companies set different premiums through level entry age rating or community rating. Level entry age rating determines premiums

based on the age of the individual when the individual first purchases the Medicare supplemental policy. Community rating sets premiums based on the entire community insured by the Medicare supplemental policies.

**Summary of Bill:** Beginning January 1, 1996, the maximum preexisting condition limitation is three months rather than six months.

On or after January 1, 1996, full transfer and portability among and between the Medicare supplemental policies with standardized benefit plans B,C,D,E,F, or G are provided without regard to insurability. Transfer is assured between policyholders of plans A,H,I,J from company to company, but strictly from plan to plan.

Rates for Medicare supplemental insurance policies must be set only on a community rated basis.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill helps senior citizens who are trapped in their Medicare policies, and cannot change policies because of increased premiums. All other types of health insurance provide more protection and benefits to the consumer, because consumers are not locked in and can move from plan to plan. Community rating will make Medicare supplemental insurance more affordable for seniors.

**Testimony Against:** None.

**Testified:** Melody Bankers, Office of the Insurance Commissioner (pro); and Evan Iverson, Senior Lobby (pro).